

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 704 - HB 879

March 6, 2017

SUMMARY OF BILL: Enacts the *Ground Ambulance Service Provider Assessment Act*. Requires an ambulance service to pay a quarterly assessment to the Bureau of TennCare (Bureau). Requires the Bureau to determine, by rule the standards and procedures used to implement and enforce the assessment, collect the assessment, and transfer the assessment proceeds to the State Treasurer for deposit into a newly-created Ambulance Service Assessment Revenue Fund (ASARF). Requires the Bureau to calculate a uniform assessment per ground transport using data from the Emergency Medical Services (EMS) Division of the Department of Health (DOH). Requires the Bureau to reimburse each ambulance service that provided qualifying ground ambulance service transports during the relevant assessment period in an amount not to exceed the EMS ambulance rates adopted annually by the DOH.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$10,305,700/Ambulance Service Assessment Revenue Fund

Increase State Expenditures –
\$10,305,700/Ambulance Service Assessment Revenue Fund

Increase Federal Expenditures –
\$19,694,300/Ambulance Service Assessment Revenue Fund

Assumptions:

- To administer the proposed assessment on ambulance service providers, the Bureau will require one additional full-time employee. The recurring increase in expenditures associated with the additional employee is estimated to be \$74,450. These expenditures will receive an administrative match of 50 percent in federal funds.
- The recurring increase in state expenditures associated with the new position is estimated to be \$37,225 (\$74,450 x 0.50); the recurring increase in federal expenditures is estimated to be \$37,225 (\$74,450 x 0.50).
- Pursuant to language of the proposed bill, \$20,000 of assessment collections may be used to offset administrative costs to the Bureau. It is assumed that the Bureau will be authorized to utilize the assessment collections to cover the additional state expenditures of \$17,225 (\$37,225 - \$20,000) incurred in administering the proposed assessment.

- Based on information provided by the Bureau, the proposed assessment on ambulance service providers will result in a recurring increase in revenue to the ASARF estimated to be \$10,305,696.
- This amount will be expended at a state rate of approximately 34.395 percent and will receive federal matching funds at a rate estimated to be 65.605 percent. The resulting increase in federal funds is estimated to be approximately \$19,657,078 $[(\$10,305,696 / 34.395\%) \times 65.605\%]$. The total increase in federal expenditures, including the federal funding for the additional position, is estimated to be \$19,694,304 $(\$19,657,078 + \$37,225)$.

IMPACT TO COMMERCE:

Increase Business Revenue - \$29,925,500

Increase Business Expenditures – \$10,305,700

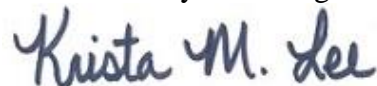
Jobs Impact – Not Significant

Assumptions:

- Ambulance service providers will incur a recurring increase in federal revenue to cover the recurring costs of ground ambulance transport.
- Ambulance service providers will incur a recurring increase in expenditures for funding the state portion of the the Act.
- The proposed legislation will not increase the number of ambulance service providers. It just changes the way the providers will be reimbursed for Medicaid ground ambulance transports; therefore, any impact to jobs in Tennessee is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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